

COMMITTEE ON COMMUNITY IMPROVEMENT

August 15, 2005

5:00 PM

Chairman O'Neil called the meeting to order.

The Clerk called the roll.

Present: Alderman O'Neil, Shea, Garrity, Smith and Lopez

Messrs.: Frank Thomas, Roc Larochelle (CLD Consulting Engineers), Sam Maranto, Kevin Clougherty

Chairman O'Neil addressed item 3 of the agenda:

3. Update on the status of the Granite Street Widening Project.

Mr. Frank Thomas, Public Works Director, stated as noted we're here to give you an update on the Granite Street Widening Project. The last time we gave this Committee an update was last November. At the last meeting, we noted that we had bid the project, received one bid and were rejecting that bid because of the excessively high bid price that we received. After that meeting we met with the State DOT (Department of Transportation) who had a similar problem...they had bid their first Granite Street Exit 5 Interchange Project and received no bid. As a result we decided to ask the general contractors to meet up in Concord, met with them, we reviewed our two projects and we tried to get some input from them to find out what was right, what was wrong and what we could essentially do to modify the plans. As a result of those discussions we took the Granite Street Project and divided it into three phases. The purpose of doing that was to have roadway type projects and bridge projects. At the same time we did some value engineering and went back and took a look at the entire project...we cut some...not excesses but reduced the project by about \$1+ million through the value engineering efforts. Also, in discussions with the contractor it was made clear that they needed a good size staging area on the east side of the river in order to include the bridge work...the existing Granite Street Bridge will be widened to the north...access into the river has to be supplied from the east side so we made those accommodations. So, we heard from the contractor that the window the time period that they had available to work in the river was not long enough and so we re-permitted that and were successful with the State. As a result we've included widening work from the river...Main Street on the west side under the State's Interchange Project. The reason why we included it with the State's work was in

order to avoid multi-contractors working in the area causing coordination problems. That project by the State, the Exit 5 Interchange Project has been bid, bids are in and it is expected to be awarded by the end of the month to get to the Governor's Council. We then took our Phase II project which is the widening of Granite Street Bridge and the associated roadwork up Commercial Street...that's been bid, we have bids in and we're about to award that project. The third phase is the improvements to Granite Street from Commercial Street up to Elm Street...that work is under design and it's anticipated right now that that project will be advertised late spring, early summer of next year. The intent is to have all of these projects...our three projects and the State's project completed by 2008. Last November when we gave the presentation the estimate for the project was a little over \$21.5 million and future CIP funding of about \$1.095 million...that's where we've been. What I'd like to do is now turn it over to Roc Larochelle from CLD, the Project Manager to go into a little bit of more specifics for you.

Mr. Larochelle stated the map in front of you on the screen pulls together everything that Frank just described...it's kind of hard to read so I'll walk you through it. What this map does is it shows is how all of the separate projects were worked together, how we broke out the contracts to respond to feedback that we got back from contractors and the various entities as we were going through each of the projects. The first one that you see here is I-293 and this is the current Exit 5 interchange...this here is South Main Street on west side and this here is what we've been terming the "west" side work...the Merrimack River is here...Elm Street is here. What came out of our work after the CIP meeting last November and our redesign efforts after talking to the contractors was as Frank indicated we split the Granite Street Project up into three distinct pieces...the first one was the west side work which went from the river over to South Main, the second piece was the bridge work which basically goes from the edge of the bridge across the river adjacent to Jillian's lot and then the third piece went from there up to Elm Street which includes the railroad crossing and the reconstruction of the Fleet Bank site or the former Fleet Bank site. In coordinating with the DOT and looking at what they needed to do and listening to the contractors the west side of the project was combined with their project here...what they call the "C" contract a portion of which is now under construction as you go out there today. So, if you look over here under contract bid schedule here's all the main projects...the main contracts that are either currently underway or will soon be advertised...the "B" contract includes Allard Drive/sound wall/utility relocations...that one is currently underway right now and that primarily involves utility relocations to support the overall interchange project. This project here includes all of the west side work as well as the whole interchange...work along I-293...bids were opened at the end of June and as Frank indicated that one will be awarded to Middlesex pending Governor and Council approval at the end of this month and then the bridge

project is this here...the "F" contract and the apparent low bidder was E. D. Swett...we opened bids on July 20 and we expect a September start pending an agreement that needs to be put in place. And, then the last contract as Frank indicated is the "E" contract...east side, which is shown here in green...we expect to advertise that in May 2006. So, that kind of pulls together the whole project area. All of this is expected to be complete by 2008. Current contract costs...this is construction dollars only and in looking at the overall projects we needed to look at what originally programmed and what we've seen currently with the bid prices. Out of the three contracts that have been put out on the street we've now opened the bids on two of them so we have a very good idea of what the real costs are for those contracts and that's what's showing here in this column. What's interesting is if you look at the State contract here...the State DOT project along originally programmed as \$20 million...now current cost in construction costs only is \$35.5 million...an increase over that time of about 78%. The City contracts...here are the three separate contracts including the railroad crossing projects...originally programmed at about \$17.4 million...currently it is estimated at just over \$20 million and that includes actual bid dollars for the first two contracts we've actually taken bids on for a total variance of about \$2.6 million...about 15.2% over what had originally been programmed comparing that to the 78%. The next slide shows what our current project estimate is...when you combine all of the engineering, the right-of-way, the three separate projects that the City is currently working through...any of the construction engineering plus some contingencies that have been added in for a total estimated project costs of just over \$24 million. What follows below that is all of the available federal funding and other various funds that are being provided for that project including the City's allocation of about \$3.6 million...total available funding of about \$19.4 million...looking at those two values...looking at a funding request of about \$5.1 million. One of the things that we needed to do is take a look at where we've been on this project and where the State has been on their project...as a means of comparison in talking to the State DOT and some of the things that they have experienced over the recent two years alone...worked with them to get an idea of where their costs have come from...this is overall contract including all construction, right-of-way costs, engineering costs, everything. Originally, when the State's project, the State's DOT project was programmed it was programmed at \$26.5 million. Currently, in July 2005 that cost is \$48.1 million...an increase of about 82% or about \$22.6 million. By comparison we look at the...with the State...in trying to get a handle on cost trends on current DOT-type projects, transportation projects one of the things we looked for were comparable projects...looking at the Spaulding Turnpike Reconstruction...in talking to the DOT on these numbers...originally it was programmed in April 2003 at \$108 million +/-...current estimates now have taken that up to about \$128 million or an increase of about 18% over the life of that...really over two years but what's

interesting is looking at 11% just in the last year...that's between 2004 and 2005 only. Why is that important? Well, in looking at the trends one of the things that we researched or that we use as a tool is looking at *The Engineering News Record* (ENR) in trying to get a better grasp of what's going on nationally for where we are on this project today and try to get a basis behind some of the cost escalation's that we've seen. Some of this will be intuitive to you...start looking at fuel costs which is currently on the rise even now. But, in looking at the first quarter report for March 2005 through ENR which has been tracking construction costs since about 1920 what they saw in the first quarter report for '05 was that the building cost index was up about 3% in March '04...that jumped to about 10% by December '04 and that was primarily in response to steel costs...you probably heard a lot about that in looking at construction projects...steel costs drove a lot of project costs through the roof and about 8% of that was due to increases in raw materials products, shortages of aggregates or cement products and typically we would see between one and three percent annual increase and that's historically since the 90's. The result of the steel and the raw product materials increases...the result of that was about a 10% annual inflation rate just for the first quarter compared to a typical 1.2% inflation, which was found in 2004. The second quarter report...again, just looking at a track record...what was interesting is there was a record setting jump in fuel prices in April 2005...diesel prices...129% over the costs that were exhibited in 2002 and prior to that in the previous three years there was only about a 41% increase. The result of all of this has exhibited itself in a large impact and the cost to operate heavy machinery and all of that relates directly to everything it takes to build a large construction project like this...excavation costs, operation of heavy machinery that's required to actually build a project...cranes. In addition to that cement and aggregate shortages that are being realized throughout the state and throughout the region and country have impacted costs on concrete costs up 13.1% just in the second quarter, aggregate prices up 6.1% in the second quarter. And, overall looking at the ENR data they are currently stating that they expect to see another 7% increase in the cost index between '05 and '06 on top of 14% in 2004...with a 1 or 2% increase for 2003. So, you can see a market increase just in the last two years which pretty much corresponds to what we've been seeing in the escalating prices for the contract overall. Over the life of the project...the last time we met in 2004 we've been able to buffer a lot of the cost increases...some of what we've had into our contingencies through the life of the project. A lot of it we had in there before helped us deal with a lot of the increases in steel costs...well, currently steel costs have leveled out but now fuel petroleum products are really lending themselves to increased costs and steel costs have leveled out, however, now concrete, aggregate and fuel prices are now being dig up that which is where we've seen increases in the overall project costs since last November. Recommend that action, after looking at all of this, we are recommending that the first two contracts that are out

there today (14025-C & 14025-F) that bids have been taken on be awarded so that we can actually get to work on those projects considering that there is a river work window...permitting restriction that starts basically in September...that work window between September and April is what we're allowed...is the time frame that the contract will be allowed to work in the river to be able to get the concrete out of the river to support building the bridge. Additionally, we would continue to contain costs and renegotiate scope items. We're in active negotiation with the contractor to try to cut some more costs, try to balance some of this work and finally we're looking to advertise the final contract (14025-E) from Canal up to Commercial...Commercial up to Elm Street in the spring of 2006. All of the construction would be complete concurrent with the NHDOT project by the end of 2008.

Mr. Thomas stated this was the recommendation from our consultants. We have accepted that recommendation and we that concurrence we intend to proceed with awarding the first two projects based on the available funds that you have and need to complete the design of the next phase. We'd be glad to answer any questions.

Alderman Lopez stated when we go into advertising the final contract there's always three phases...the first, second and third. I think the important area of concern I have is from Commercial Street to Canal Street and then from Canal Street to Elm Street. Should that not be bid into two phases other than one phase and make two projects out of it in the event the cost factor is too high because I look at Commercial Street to Canal Street as almost a must. The Canal Street to Elm Street is more of a dressing up figure...could you talk a little bit about that.

Mr. Thomas stated as you mentioned the section from Commercial Street up to Canal Street is...

Alderman Lopez interjected maybe you could point it out on the map over there so the public could understand.

Mr. Thomas stated there's a necessity because through that area we're still carrying 7 lanes of travel...we lose some of those lanes at Canal Street because there's going to be a double left at that location and there will be a through right I guess and then three going in the west bound direction. So, once you cross Canal Street heading up towards Elm Street you're basically going to have the four lanes of roadway that are presently out there. The intent of the work from Canal up to Elm Street is to finish off Gateway. This is being constructed as a gateway into the City, we have that full interchange now...we're going to have that additional capacity on sections where we're going to construction with...the section up Canal

Street and we want to carry that flavor right up to Elm Street...the widened sidewalk, the upgrade of the aesthetics, etc. Now, obviously we can and will come back to the Committee on the third phase before we go out to bid but we can put it out all as one project, bid it as one project but two different prices...depending on funding scenarios at the time we could potentially defer work on the section of Canal to Elm, however, right now I would caution on deferring any of the work because as you could see from our presentation construction costs are just going out of site and if the trend continues...if you delay any phase or partial phase of this work it's ultimate costs could go up.

Alderman Lopez stated I'm just concerned that...you can bid it in one phase but bid it in two phases at the same time for the simple reason that as you come down off of Elm Street you're going to have to go on the right lane...if you're forced in the right lane when you cross the bridge and you're going on the highway of you're going to continue and then you're going to have to make the right hand turn to go on North Main Street unless you weave in and out of traffic. So, I think the intent for all purposes is for people to get in that right lane to go on the highway and understanding the traffic flow is when they get to North Main Street and realizing they have to go right because they're in the right lane instead of weaving in and out of traffic. So, I think those are the crucial points that we need to have. All I'm asking and understanding the cost of what you just explained is if you could have it bid into two parts just in the event that necessary funds weren't there...that we know that we have the major priority that we have to go from Commercial Street to Canal Street.

Mr. Thomas stated yes we'll definitely take that under advisement and we will come back to this Committee after we've digested everything that you've said. Obviously, we're also going to make some maximum efforts to try to seek some additional federal assistance. As you know approximately \$15 million of this project coming from the federal government thanks to work that Senator Gregg did. We would probably like to contact him again. This is going to be a boon for the City so somebody from the north and somebody from the south can come directly into the center of the City and go to the Verizon, baseball games and we want to put our best foot forward...the City is definitely a destination City now and looks to us instead of Portland, Maine...if we can somehow do it I would like to see this entire project completed.

Alderman Garrity stated Frank I don't know if you know the answer to this but with the increase for the State project...it's increased \$22.6 million...do they still have the same project or are they cutting back. I know that this exit was supposed to look like Exit 14 up in Concord.

Mr. Thomas replied no they haven't cut back. The difference between the State and the City...the State has one package...what happens is it's not like a 14-year plan, so no the Exit 5 Interchange Project has not been reduced by the State.

Alderman Garrity stated where it says "Recommended Action"...continue to contain costs and renegotiate scope...what type of things are we trying to cut?

Mr. Thomas replied quite frankly one area is the coloration that we put into concrete...concrete sidewalks have color added to give it a darker gray look. Quite frankly, we are negotiating two contracts...those are the types of things we're looking at...through our value engineering efforts we have reduced the project somewhat. We don't want to cannibalize it.

Alderman Garrity stated that was the point of my question. I know we did some cutbacks on the bridge construction...if we're going to have a Gateway we don't want it looking like what's there now.

Mr. Thomas stated definitely it's not going to. One of the areas of cutback would be bridge skirting. The top of the rail wasn't changed.

Alderman Garrity in reference to Canal to Elm Street asked what's the estimated cost?

Mr. Larochelle replied that was quoted about \$1.3 million.

Alderman Garrity stated that's basically planting and things like that.

Mr. Larochelle stated there's a fair amount of drainage work, new pavement surface, curbing and about \$300,000 of that was actual plantings.

Alderman Garrity stated I think what's important is if we're going to do the project let's do the whole project. I think Canal to Elm Street is important and a question for you, Sam, the fact that there's \$350,000 in plantings and things like that are there any grants or federal funding or things like that through a conservation type thing that would be available and I was wondering if our Grant Writer was working on that.

Mr. Sam Maranto, stated that type of activity is essentially eligible for CDBG funds.

Mr. Garrity stated I think that's an important thing to look at, Mr. Chairman.

Mr. Thomas stated quite frankly we've already had those discussions. So, we will be working closely.

Alderman Shea stated several key points have been covered and I concur with Alderman Lopez about the area, which would be \$1.3 million. I guess I'd raise another question and maybe it's out-of-line here but I'll raise it anyway. There is discussion about a spending cap and I'd like to know if one were approved by the voters what impact that would have on such a project both from the federal, state and a city wide basis. I'm not sure if you're in a position to answer that or you are or Kevin Clougherty is but that of course wouldn't necessarily impact any kind of project so I'm just wondering if we were working in conjunction with the federal government and they allowed us a certain proportion of monies...we had a spending cap adopted here in the City I'm wondering exactly how would we... would we lose these federal funds, what would happen?

Mr. Thomas replied I think I'll turn that over to Kevin Clougherty if he's here.

Mr. Kevin Clougherty, Finance Officer, stated that's a good question Alderman. In our office and the Solicitor have just noticed that the signatures are in place for the amendment...I believe there's a meeting tomorrow night to discuss it. We are going to be getting together and taking a look at the different provisions and whether that applies to capital projects, does it apply to the enterprises and the impact to the Board. Conceivably it could restrict us.

Alderman Shea asked if we were to have a spending cap would that impact be the amount of federal funding and state funding that we would be apt to receive.

Mr. Clougherty replied depending on how the cap is worded and how it's implemented that's where I have to talk to Tom.

Alderman Shea stated so in retrospect now we have enough funds to complete the first phase of the project...the first two phases...what we're discussing now is if we want to clarify it the third phase which is about \$5 million...\$3 million to go up to...say from Commercial up to Canal and then the \$1.3 million from Canal all the way to Elm Street...is that what we're talking about? So, we would have to wait and see.

Mr. Clougherty stated but on the timing of this too I think one of the points that Frank made earlier is we can go ahead with the first two phases now...all the funding is in place...the other phases will be taking place I think in '08 or the '06

CIP. So, when you put that into consideration you probably have a chance if, for example, there was a spending cap put in place to go back and try and have that refined or improved to deal with situations like this...

Chairman O'Neil interjected it would be the '07-'08 CIP that we would be talking about in the future funding.

Mr. Clougherty stated for this separate phase, which is not funded right now, right.

Alderman Shea asked what impact does a project like this have on the overall CIP budget?

Mr. Clougherty replied it's a big project, it has a big impact. As you know, certainly this unexpected raise in costs is affecting on this project but I think we're going to see it in another CIP project. We go through these trends where things escalate and then they top off. We're at that point in the cycle where there are a couple of things that are important. One, you have a revaluation going on at this point in time. We've talked about the possibility that if the revaluation comes in with the current values that we think are out there then that might get you some more capacity in terms of your debt service and it wouldn't be as big an impact on your overall capacity to do projects. Again, provided how this spending cap... that's one of the factors. If that doesn't happen and certainly we can't guarantee that the housing market is going to stay the way it is through April when all of this is valued that that may not materialize.

Alderman Shea stated what this Committee has to realize too is the impact it's going to be felt across the board on other projects.

Mr. Clougherty stated that's a fair assessment.

Chairman O'Neil stated just before I go to Alderman Smith...Frank, we actually have seen in the building construction trend...our two most recent projects the Library and the South Main Fire Station come in under budget but I don't think there's as much heavy equipment and that type of fuel related costs.

Mr. Thomas stated I think that's exactly the reason. As Roc noted the prices for the steel has stabilized but what's driving it now is the fuel...it's all fuel related whether it's asphalt or diesel fuel.

Alderman Smith stated I'd like to address the sound wall...is that a necessity because from what I understand this is a business area and from what I understand future development...most of Second Street will not have any residential...I could

be wrong but this is what I've been hearing...what is the necessity...are you mandated to put up a sound wall because I noticed there's quite a few buildings that are going to be demolished on Turner Street?

Mr. Larochelle replied just to clarify the sound wall is part of the State project, which is currently under construction. If I can step back...the sound wall is about 1,600 feet and it extends through this area here up to about the utility crossing across the river. That was put in place as an abatement...a portion of the State project and at the time that the project was being designed and being constructed there was still a number of residential properties there. Now I know that the owner of many of those parcels has talked to the State DOT about possibly eliminating the sound wall...this took place probably about a year-and-a-half ago, however, it's not part of the project...it could be eliminated unless there are approvals in hand by the individual who's seeking to have that portion of the project eliminated...the State wasn't ready to eliminate that out of the State contract when you still have people living in those residences...that was really the intent of the sound wall.

Alderman Smith stated I'd just like to follow up...Sam, maybe you can answer this. From what I understand that's zoned business and commercial, right, even though there's residential housing right now. The plans are...from what I've seen is to eliminate most of those residential houses, is that correct? All right, then my question is what is the necessity of a sound wall. I think that's an exorbitant cost and usually it ends up with graffiti all over it when the houses won't be there.

Mr. Larochelle stated currently you do have residences there and the design was perpetuated based on the existing condition that was there. Again, there were discussions in the past with the DOT but they're not in the habit of changing plans once they are approved plans on the table that would necessitate revisiting something particularly with public funds involved.

Chairman O'Neil stated for clarification...any savings there would not go to the City that would go to the State.

Mr. Larochelle stated that would definitely be to the State.

Mr. Thomas stated I think if there wasn't an approved plan they may have considered it but right now it is a fact that it is a residential area.

Mr. Larochelle stated at the time there had been some serious discussions between the developer I think that you're speaking of and the State DOT because he was not ready to make that commitment at the time and not have all of the property

secured...that kind of went by the wayside. If something had materialized between then and construction I think the State DOT would have been willing to discuss other possibilities.

Mr. Thomas stated I guess the good news I guess is that the type of material that's going to be used for this sound wall is actually like a plastic type material that will lend itself a little easier for the removal of graffiti off of it...that was an issue that the State coordinated with us, it's going to be a gray plastic material.

Alderman Smith stated you've answered those questions...my only concern is that if this Committee votes in favor of this are those costs going to be fixed, are you going to come back like you did in November and say we need some more money?

Mr. Thomas replied we are giving it our best shot. As far as the third project we've figured the estimate out, we've added seven percent...that's what the predictions are over the next year...we've added contingencies to the project but again if fuel prices triple, somebody buys all of the asphalt aggregate in the state it could go higher. We're trying to be conservative, we certainly don't want to come back and ask for more money...hopefully, we won't.

Chairman O'Neil stated why don't we let Frank note what the proper motion should be.

Mr. Thomas replied basically what I'm asking for is with your concurrence we intend to proceed with the awarding of the first two contracts that we've received bids on based on the available funds that we have and to proceed with the design of Phase III of the project.

Chairman O'Neil stated so the bottom line is we have the funds in place for our portion of the State project which is Phase I and our own City project which is Phase II and what you're looking for is not necessarily a commitment of funds tonight but direction on Phase III.

Mr. Thomas replied correct. Basically, I want a concurrence to proceed with the awarding of these first two projects and continue design of Phase III.

Alderman Smith stated I'd just like to ask Kevin. Could we possibly bond this in two years if the project is not going to be completed in 2008?

Mr. Clougherty replied yes, Alderman. When we're doing the CIP we're going to try and provide as much flexibility as we can to take a look at when the bonds will actually be issued which is when the cash will be needed. So, the cash flow on this we'll have a better idea of in another year or so and that could help us in structuring this and maybe structuring it out a little bit if we had to.

Alderman Shea asked do we have, with the present funding, monies for the engineering study for Phase III.

Mr. Larochelle replied yes.

Alderman Shea stated so we're not really asking anymore money tonight.

Mr. Thomas stated we're not asking for money tonight that is correct.

Alderman Lopez stated I would like to take this in two motions if it's agreeable. I'm for awarding the two contracts because we have the money for that. The other motion I would like to speak to would be to move forward with the third phase but make sure that it is done in two phases in the bidding process.

Chairman O'Neil stated I would just caution...having worked in the construction industry...breaking the third phase into two phases could end up costing us more money in the long run. I think Frank got the message to leave it as an alternate but I would hate to handcuff him when he actually might be able to come in with a better price on Phase III by it being one project.

Alderman Lopez stated he's going to come in with one price for the whole project but to break it down in two phases.

Chairman O'Neil stated I think Frank got the message on that but I don't think we want to restrict him either.

Mr. Thomas stated what I would suggest is allow us to come back to this Committee before we go out for the third phase so that we can present to you our best estimate of what the two phases would cost, will it cost more to break it into two phases even if it's in one bid it still may cost more because you'd have to write in the contract we reserve the right to only award phase one of that two phase project.

Alderman Lopez stated as long as they have an understanding that's okay.

Chairman O'Neil asked so you're okay with a general motion on this?

Alderman Lopez replied that's fine.

Alderman Shea stated you are coming back or have you already designed Phase III, Frank, I'm not quite clear. You're going to design it?

Mr. Thomas replied Phase III is 75% completed maybe.

Mr. Larochelle stated if you remember when we bid the original project last year it was complete. We had bid it as a complete project. The re-engineering we're talking about doing right now is basically just to take the original design and cut it apart and make it work at the ends so there is some engineering involved to do that but it's not starting from square one again.

Alderman Shea asked is that the design that you're speaking about.

Mr. Larochelle replied yes it is.

Alderman Shea stated I thought it was probably completed but you're putting the pieces together now.

Mr. Larochelle stated we essentially have some clean up work to do to be able to put out a separate contract instead of one big one.

Alderman Garrity stated Frank you're going to work with Planning to check to see if some of those funds are available CDBG funds.

Mr. Thomas replied we are.

Alderman Lopez stated don't forget it's an election next year so if we get money from those Congressmen.

Mr. Thomas stated we'll do everything in our power.

Chairman O'Neil stated the Clerk has indicated we need to have a clear motion made at this point.

Alderman Lopez moved to proceed with the recommended action plan presented by the Public Works Director noting stipulations made. Alderman Garrity duly seconded the motion. There being none opposed, the motion carried.

OTHER BUSINESS

Communication from Mayor Baines requesting the Mayor's vehicle be exempt from the City's Fleet Management/Motorized Equipment Policy that the mayor's vehicle exhibit the City Seal.

Alderman Shea moved that the mayor's vehicle be exempt from exhibiting the City Seal. Alderman Smith duly seconded the motion. There being none opposed, the motion carried.

There being no further business to come before the Committee, on motion of Alderman Smith, duly seconded by Alderman Shea, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee